



DrumBeat: March 18, 2008

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Topic: [Miscellaneous](#)

[Swiss reject US, Jewish criticism of Iranian gas deal](#)

BERN, Switzerland: Swiss Foreign Minister Micheline Calmy-Rey on Tuesday brushed aside U.S. and Jewish criticism of a multibillion-dollar (-euro) gas deal she helped clinch with Iran, saying the Alpine republic does not need permission from the United States to advance its strategic interests.

The brusque remarks by Calmy-Rey, who has ruffled feathers in Washington and Jerusalem with her outspoken positions on the Israeli-Palestinian conflict, threaten to escalate tensions over a 25-year natural gas contract announced Monday between Swiss energy trading company EGL and the state-owned National Iranian Gas Export Company.

[Persian Gulf Tanker Rates Post Biggest Increase in Six Weeks](#)

(Bloomberg) -- The cost of shipping Middle East crude to Asia rose the most in more than six weeks amid tanker bookings by Chevron Corp. and ENI SpA.

[Nigerian oil union postpones strike plans](#)

LAGOS (Reuters) - A Nigerian oil workers' union said on Tuesday it was in talks with the government over a labour dispute at the local arm of ExxonMobil and any strike action had been put back until next week.

[LUKOIL to supply no oil to Germany in April](#)

MOSCOW (Reuters) - Russia's LUKOIL will supply no crude to Germany in April for a third month in a row as it steps up pressure on the importer of Russian oil to the country to get better prices, trading sources said on Tuesday.

"There will be most likely nothing for April, and going forward, talks will be held on a monthly basis," one source told Reuters.

[Tapping US heatoil reserve would lower prices-EIA](#)

WASHINGTON, March 18 (Reuters) - Releasing supplies from the U.S. Northeast Heating Oil Reserve would have a short-term impact on lowering record retail heating oil prices, the head of the federal Energy Information Administration said on Tuesday.

[Shell may upgrade crude outside Alberta](#)

CALGARY -- Royal Dutch Shell PLC is considering several upgrading options for its crude from Alberta's oilsands, including sending it to Ontario, the U.S. Gulf Coast or California.

The strategy could upset the Alberta government, which wants more oilsands upgrading to be done in the province, but Rob Routs, in charge of the European oil major's refining business, said one of the reasons Shell took out Shell Canada Ltd.'s minority shareholders for \$8.7-billion last year was to optimize its infrastructure in North America.

[Russia's Stroytransgaz to build 2nd gas refinery in Syria by 2010](#)

MOSCOW (RIA Novosti) - Stroytransgaz, one of Russia's largest engineering and construction companies, said on Tuesday it plans to build a second gas refinery in north-central Syria by 2010.

[NZ can grow all its own biofuels, says study](#)

Purpose-grown forests to produce biofuels could meet all New Zealand's transport fuel requirements within 40 years, according to a study by the Crown research institute Scion.

[Portugal leads rush into green energy](#)

Portugal, one of the European Union's least conspicuous countries, is in the vanguard of the continent's rush to harness renewable energy. Despite its frail economy, it is one of eight EU countries whose push into clean technology has enabled a double-digit share of electricity consumption from green sources.

[Doomsday scenario for oil](#)

A gloomy forecast about the future of the oil industry — looking forward to a possible

Doomsday within a very few years — was given to the Sub-Saharan oil, gas and petrochemical conference in Cape Town on Tuesday.

Chris Skrebowski, a researcher for the Energy Institute in Britain, told delegates that the oil supply will peak in 2011 or 2012 at around 93 million barrels a day, that oil supply in international trade will peak earlier than the oil production peak, and he forecast: "There will be supply shortfalls in winter before peak."

[Delta Air Lines to offer voluntary severances](#)

ATLANTA - Delta Air Lines says it will offer voluntary severance payouts to roughly 30,000 employees — more than half its workforce — and cut domestic capacity by an extra 5 percent this year as part of an overhaul of its business plan to deal with soaring fuel prices.

[Extra OPEC Oil Production Isn't Needed, Qatar Says](#)

(Bloomberg) -- OPEC has no need to pump additional oil supplies to soften near-record prices, which are propped up by the weak U.S. dollar, Qatar's energy minister said.

``We are confident there is no shortage of supply," Abdullah bin Hamad al-Attiyah said in a phone interview from Qatar today. ``One of the reasons that the oil price is going up is because of dollar weakness. Every time the dollar goes down, oil goes up."

['We defeated Exxon,' Venezuelan oil minister says](#)

CARACAS (Reuters) - A ruling in a British court to lift a \$12 billion freeze on Venezuelan assets earlier awarded to U.S. oil major Exxon Mobil was a "100 pct victory" for the South American nation, its oil minister said Tuesday.

"We have defeated Exxon," minister Rafael Ramirez said on state television after Tuesday's decision.

[China Selling Oil Equipment to Africa](#)

China depends on Africa for roughly one-third of its imported oil. And, many Chinese companies also see Africa as a lucrative market to sell oil drilling equipment. Several Chinese firms are attending this year's oil industry convention, underway in South Africa.

[Cheney says high oil price reflects market reality](#)

BAGHDAD (Reuters) - Crude oil prices in excess of \$100 a barrel reflect the reality in the market place, U.S. Vice President Dick Cheney said on Monday.

Cheney, on a trip to the Middle East that started in Iraq, said he did not see a lot of excess production capacity worldwide.

[Saudis grumble over economy despite record oil price](#)

RIYADH, March 18 (Reuters) - Saudi Arabia is showing signs of nervousness about popular discontent over inflation, as Saudis suffer sharp price rises despite an unprecedented cash windfall from high oil prices, observers say.

Saudis saw price rises hit 7 percent in January, the highest since at least 1981, while the riyal has declined in the past year along with the U.S. dollar to which it is tightly pegged.

[Michael C. Lynch: Peak oil, uncommon ground](#)

Steve Andrews was kind enough to approach me about writing on the subject of where the peak oil community agrees with, shall we say, its critics. However, the peak oil community is itself divided in its views and cannot be addressed as a unified whole. So, this piece will include what I consider the areas of disagreement between the two communities of peak oil advocates, and the subsequent areas of agreement between resource optimists and peak oil advocates of both kinds.

[Venezuela Aims To Increase 2008 Oil Output From Old Fields](#)

Venezuela's Oil Ministry plans to focus this year on pumping more crude from the country's western region, an area known for its mature oil wells.

The ministry will open more wells and use more drill equipment in these areas so that "in 2008, production can reach an average of 937,000 barrels a day," up from 907,000 in 2007, according to the ministry's plans outlined in its 2007 year-end report, obtained by Dow Jones Newswires.

[Coal Reemerges As Important Raw Material In Chemical Manufacturing Industry, Experts Argue](#)

With oil prices hovering around \$100 per barrel, coal is reemerging as a key raw material in the manufacture of the basic chemical materials used to make plastics, fertilizers, and hundreds of other products, according to an article scheduled for the March 17 issue of Chemical & Engineering News.

[UAE: 'developers to blame'](#)

Dewa's electricity demand is growing at 15-20 per cent, while water demand is increasing at 12 per cent every year. Amid Dubai's massive growth fuelled by its ambitious projects, the question of whether the emirate can sustain the growing power consumption has been raised by some property developers, saying Dubai's \$300 billion real estate boom may be slowed as the emirate's state-owned power and water utility struggles to keep up with demand from residential and tourism projects.

[China's energy crunch a chance for power play](#)

Chinese authorities are also aggressively pursuing alternative energy sources such as wind and solar power, and attempting to supply the growing global alternative energy market. More than 20 plants have been built to produce polysilicon - a vital ingredient for solar panels. But polysilicon is extremely hazardous and a recent news report on China's refusal to install costly protective technology caused a selloff in publicly traded solar power companies such as SunTech Power, China Sunergy and Markham, Ont.-based Canadian Solar.

Mr. Brebner holds out little hope for alternative energy as a short-term solution. "The magnitude requirements for energy within China are so vast I think it's not really going to make a difference over the next five to 10 years" he says.

[Chad and crude prices](#)

One of the more interesting side notes in crude's run-up to its current exorbitant levels is the extent to which the market has been influenced by incidents in countries that, in previous years, wouldn't have possibly affected the global oil futures price.

One of those countries is Chad, which suffered an attempted coup last month and where a rebel leader Sunday threatened to attack the country's oil fields, which are operated by a consortium led by Exxon Mobil.

[Oil Price Making Some Africans Richer, Others Poorer](#)

High oil prices are creating the best of times and worst of times for Africa. That is according to several experts speaking this week at an oil industry conference in South Africa. For the handful of countries that export oil, times are good. But times are tough for everyone else.

[Indians pays for fuel-price imbroglio](#)

MUMBAI - The Indian government's decision to raise the retail prices of petrol and diesel marginally by 2 rupees (5.5 US cents) and 1 rupee a liter in February, did little to untangle India's oil price imbroglio. The country's consumers have to pay prices that, even subsidized, are among the highest in Asia for the fuel yet oil companies nurse record losses that are put at US\$88 million daily.

[All About: Food and fossil fuels](#)

(CNN) -- Eating ethically is no easy task these days. One problem is deciding which ethic is more important. Keeping third-world farmers in fair trade jobs by purchasing their produce? Or assuaging your concerns over the environmental impact of getting that produce to your kitchen by shopping locally instead?

[Drought eases, water wars persist](#)

"The Southeast has not yet come to grips with the fact that it has a water problem, that it needs to plan for its water usage, that it can't take for granted that all the water it needs will always be there," says Robin Craig, a law professor and water expert at Florida State University's College of Law.

Bitter battles over water could thwart the Southeast's evolution as one of 10 "mega-regions" across the USA, says Harry West, a professor at Georgia Tech's Center for Quality Growth and Regional Development.

"We've got to get around the parochial way of thinking about things and understand that these issues don't stop at the state line," he says.

[Blind date with disaster](#)

We are constantly warned by scientists that our planet is in big trouble, so why can't we change direction? David Suzuki, one of the world's leading ecologists, on how humans have lost the vital skill of foresight.

[Stealth release of major federal study of Gulf Coast climate change transportation impacts](#)

On March 12 the U.S. government released a major assessment report on the likely impacts of global climate disruption on a wide range of transportation systems and infrastructure in the U.S. Gulf Coast region. The report was released in a way that was clearly intended to minimize public attention to it, and our media sources say the Department of Transportation is blocking journalists from talking with the lead author at the agency about the findings in the report. Why? Read on....

[Backyard answer to energy crisis](#)

With crude oil now more than \$US110 a barrel and the Organisation of Petroleum Exporting Countries announcing this month that it will not succumb to demands for raised production quotas, dark predictions of an imminent descent into a global energy crisis appear to be coming true.

But the permaculture co-founder David Holmgren, who has been warning of such events for decades, believes the energy crisis heralds the beginning of a low-energy future - a future that may involve a return to 1950s suburbia.

[Goldman Sachs Follows Money Morning Prediction That Oil Prices Could Approach \\$200 a Barrel](#)

Just days after Money Morning Investment Director Keith Fitz-Gerald reiterated his prediction that oil prices would reach \$187 a barrel within 36 months, Wall Street giant Goldman Sachs Group Inc. (GS) issued a report predicting crude oil prices would reach \$175 in the next few years.

[Inflation Is Baked Into the Cake](#)

Instead, we look to longer-term trends. In that regard, two are apparent. The first has to do with the concept of “peak” commodities. While it has been Marion King Hubbert’s theory of Peak Oil that has received the most attention, credible arguments can also be made for peak metal (the dearth of major new discoveries), and even peak food. While these arguments have merit, they were beyond the scope of our survey, other than noting them as potentially rising in significance over time.

[Prometheus, With The Cuffs On](#)

Markets around the Gulf are panicking because their dinars, riyals and dirhams are pegged to the flailing dollar. When the Fed meets to decide how much value to extract from the dollar, central banks in this region will administer a similar inflationary poison to their own currencies.

So, what does this mean? Real term rates will surely dip further into the negative, inflation will continue to soar, nationals and expats will carry on complaining their bread has become more expensive, governments will dig further into their pockets to doll out extravagant welfare initiatives. In short, it will be business as usual.

[Seoul to Scale Up State Oil Company](#)

A state-run oil firm has set out to increase in size as part of efforts to help secure crucial

energy sources in a more stable manner.

According to the Ministry of Knowledge Economy Tuesday, President Lee Myung-bak told government officials the previous day that the Korea National Oil Corporation (KNOC) should be at least ``five times bigger'' than its current size.

[South American Natural Gas Crisis a Tragedy of Politics](#)

BUENOS AIRES, Argentina -- Few things better illustrate the tragedy of Latin American populist and nationalist politics than the crisis related to natural gas in South America. A region endowed with vast reserves and governments that describe themselves as close partners is mired in crippling power shortages and cross-border disputes over cutbacks in the supply of natural gas. People cannot count on consistent service.

The problem began in 2002 when Argentine politicians decided to control the price of natural gas, large amounts of which had been discovered in the country during the previous two decades. In the context of an economic rebound, demand boomed. Natural gas became a crucial part of Argentina's energy mix -- the automobile industry here largely converted to it as a fuel source.

But because the controlled prices provided little incentive to foreign companies at a time when the government was leading an aggressive campaign against private capital, investment dried up. When supply was unable to meet demand, shortages followed. Argentina was forced to reduce contracted exports to Chile from 20 million cubic meters a day in 2003 to one-tenth of that today.

[Indonesia ups April oil imports by 4.2 pct](#)

SINGAPORE, March 18 (Reuters) - Indonesia's state oil company PT Pertamina will import a higher-than-expected 12.17 million barrels of oil products in April, due to a refinery glitch and higher utility demand, industry sources said on Tuesday.

...State electricity firm PT Perusahaan Listrik Negara (PLN) has switched to using diesel-fired generators since February due to a shortage of domestic coal following recent disruptions to shipments that had triggered power blackouts in Java and Bali.

[India Bans Exports of Edible Oils to Boost Supplies](#)

(Bloomberg) -- India, the world's second-biggest buyer of vegetable oils, banned exports of all edible oils to boost local supplies amid concern a smaller winter oilseed crop may worsen a shortage.

[NASA Chief: Global Warming Treated Like a Religion](#)

The theory of human-caused global warming is being treated as religious dogma, NASA's administrator said.

In an interview with SciGuy blogger Eric Berger, NASA Administrator Michael Griffin who last May questioned whether addressing the alleged global warming problem required all that much urgency, warned that dissent from the global warming theory is almost treated as heresy.

[This is not science fiction](#)

Ice scientists around the world watched with a mixture of alarm and astonishment as the great Arctic Sea ice sheet shrank over the northern summer to its lowest level in memory.

The rapid melt exceeded almost every scenario the scientists had modelled. But as they crunched the numbers they found that since 1979 the summer sea ice has been dwindling by 10 per cent or 72,000 square kilometres each decade.

Complex natural forces have contributed to the record melt but the impact of global warming on the fragile polar ice sheet is inescapable.

[Exxon loses decision in court battle with Venezuela](#)

LONDON: A freeze on \$12 billion in Venezuelan assets awarded to Exxon Mobil should be lifted, a British court ruled Tuesday.

Exxon convinced a court in January to freeze the assets of the Venezuelan state oil company so cash would be available if it won arbitration over an oil field which was lost in President Hugo Chávez's nationalization drive.

But after hearing Petróleos de Venezuela's arguments, the judge ruled against Exxon.

[Kunstler: A Real Freak Out](#)

Things are getting very weird very fast -- and will probably get even weirder, faster, as the train wreck of bad debt meets the Saint Paddy's Day Parade of bacchanalian excess at the grade-crossing of destiny. The train is carrying America's financial system, but the engine driving it is peak oil, because declining energy resources necessarily means declining capital wealth -- and declining value of all the institutions, instruments, and markers that denote that wealth or hope to profit by trading in it. The fiasco leads straight to the necessary reinvention of American life on other terms and by other means.

[Global oil production likely to peak in 2011 - analyst](#)

The point at which the world's oil output would peak and production would enter a terminal decline might become a global reality as soon as 2011, an expert predicted on Tuesday.

Peak oil, which referred to the point when no further production expansion would be possible, had become a contentious issue of debate in recent years with analysts predicting various dates and scenarios at when peak oil would be a reality.

Speaking at the Oil Africa conference in Cape Town Energy Institute researcher Chris Skrebowski said that while a debate on the issue continued to rage globally, the reality was that the world would soon begin to run out of oil reserves.

[Shell counts rising cost of squeezing oil from sand in Canada](#)

Shell's Canadian oil sands business is suffering a profitability squeeze because of the soaring cost of energy needed to extract bitumen from sand.

The oil company's annual report, published yesterday, reveals that operating expenses at the Athabasca Oil Sands Project in Alberta have soared by almost 50 per cent in the two years since 2005, while output at the bitumen mining project has either remained static or declined.

[The U.S. Is Poised to Hit a New Oil Gusher](#)

Oil drillers have their eye on a vast oil field in and around North Dakota, which promises a steady flow of domestic crude for years.

[Kuwaiti politics in crisis after cabinet resignation](#)

Sectarian tensions and a row over public sector pay have prompted a political crisis in Kuwait, Opec's fourth-largest oil producing country.

The Middle Eastern state saw its cabinet step down en masse yesterday, raising the likelihood of snap elections following the dissolution of parliament by head of state Sheikh Sabar.

[Mexico Braces for an Oil War](#)

Angelic children stare at rolling waves as a deep voice booms out the wonders of petroleum. "Mexico has a great treasure, a treasure hidden below the bottom of the sea," the narrator says soothingly above joyous music. "But the world now confronts a new reality." Suddenly, the watcher is bombarded with graphics explaining deep sea drilling in terms fifth graders might understand; the oil is at a depth 30 times greater than Mexico's highest building; the pressure is like 60 trucks weighing on a can of soda. As the music reaches a dramatic finale, the narrator hits the punch line as if in a preview for a blockbuster movie: "Reaching our oil is one of the biggest challenges of our time," he says. "And Mexico has to take the necessary actions to achieve it."

[Gazprom may be asked to share export revenue](#)

MOSCOW (Reuters) - Russia's gas export monopoly Gazprom may be asked to share some of its export revenues with independent gas producers for using their gas for export needs, a newspaper reported on Tuesday.

[US oil spill ship pilot charged](#)

The pilot of a ship that spilt 58,000 gallons of oil into San Francisco Bay after crashing into the Bay Bridge has been charged with criminal negligence.

John Cota, who was also charged with breaking environmental laws, faces 18 months in jail and up to \$100,000 in fines if convicted.

[Climate Change Could Turn Ireland's Green To Brown](#)

WASHINGTON - The wearin' of the brown?

Forty shades of beige? - Climate change could turn Ireland's legendary emerald landscape a dusty tan, with profound effects on its society and culture, a new study released in time for St. Patrick's Day reported.

[Monbiot: Carbon capture is turning out to be just another great green scam](#)

Cleaner technology is possible, but Labour plans to introduce it so slowly that any benefits will be lost in higher coal output.



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